

**COMMITTEE ON PUBLIC WORKS AND PURCHASING**  
**(Standing Committee of Berkeley County Council)**

**Chairman:** Mr. Robert O. Call, Jr. Council Member District No. 3

A **special meeting** of the **Committee on Public Works and Purchasing**, Standing Committee of Berkeley County Council, was held on Monday, **September 28, 2009**, in the Assembly Room of the Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina, at 7:32 p.m.

PRESENT: Chairman Robert O. Call, Jr., Council District No. 3; Committee Member Phillip Farley, Council District No. 1; Committee Member Timothy J. Callanan, Council District No. 2; Committee Member Cathy S. Davis, Council District No. 4; Committee Member Dennis L. Fish, Council District No. 5; Committee Member Jack H. Schurlknight, Council District No. 6; Committee Member Caldwell Pinckney, Jr., Council District No. 7; County Supervisor Daniel W. Davis, ex officio; Mrs. Nicole Scott Ewing, County Attorney; and Ms. Barbara B. Austin, Clerk of County Council. Committee Member Steve C. Davis, Council District No. 8, was excused from this meeting.

In accordance with the Freedom of Information Act, the electronic and print media were duly notified.

*During periods of discussion and/or presentations, minutes are typically condensed and paraphrased.*

Chairman Call called the meeting to order.

**A. Mr. John F. Hamer, CPPB, Director of Procurement, Re: Municipal Lease Purchase Financing**

Mr. Hamer stated that bids were submitted to the County for a lease purchase financing of fifteen vehicles for the Sheriff's Department, a total loan amount of \$405,000.00. The fifteen vehicles would encompass fourteen Ford Crown Victorias and one Chevrolet Tahoe (to be used as a canine vehicle). Mr. Hamer recommended acceptance of the alternate bid of a three-year term financing with Branch Banking & Trust Company (BB&T), at an annual percentage rate of 3.570 percent. The first year's financing payment would be \$150,000.00, based on the Sheriff's Department 2009/2010 Budget. The remaining two years financing would be a payment of \$137,814.85 for each year.

It was moved by Committee Member Pinckney and seconded by Committee Member Schurlknight to award the contract for **municipal lease purchase financing** of 15 vehicles for the Sheriff's Department to BB&T, at an annual percentage rate of 3.570 percent, with a first year payment of \$150,000.00, and \$137,814.85 for each of the remaining two years. The motion passed by unanimous voice vote of the Committee.

**B. Mr. Mark Schlievert, Director of Solid Waste and Mr. Frank Carson, Berkeley County Engineer, Re: Follow-up:**

**1. Standardization of Heavy Equipment**

Mr. Carson stated that his intention, together with Mr. Schlievert this night, was to provide the Committee with additional information in addressing questions posed by the Committee at its last meeting. The request was for standardization of heavy equipment for Berkeley County Water and Sanitation (BCWS) and the County's Roads and Bridges Department, which would be reviewed on an annual basis with a reportback to Council for program accuracy.

Mr. Carson continued and stated that BCWS's Fleet Management Program was more user-friendly; therefore, better statistics were obtained from BCWS for this night's presentation. The records for heavy equipment in Roads and Bridges dated back to 1994 and were not easy to compile for comparison with newer equipment.

Mr. Schlievert presented statistical and summary information with regard to the request for standardization of heavy equipment with Caterpillar, as follows:

- Standardizing equipment with Caterpillar: reliability/reduced downtime; durability/maintenance cost; higher resale value and lower life cycle costs; better budgeting; availability of dealer parts and repair support; comprehensive service program and technical support; extended warranty program; expedited delivery; mechanics working on one kind of equipment; operator familiarity.
- Resale Value Comparison (Machinery Trader, Source)
- Unscheduled Downtime, based on work orders submitted and tracked on each piece of equipment for unplanned repair, which did not include servicing
- Equipment Cost per Hour
- Undercarriage Comparison

*A copy of this presentation is attached hereto and, by this reference, made a part hereof.*

Committee Member Schurlknight asked where equipment was normally sent to be repaired.

Mr. Schlievert responded that it would depend on what needed to be done on a piece of equipment. Repair work was also performed internally. BCWS had a lot of Caterpillar equipment at the Landfill, in addition to a John Deere Dozer and some John Deere Farm Tractors. Mr. Schlievert stated that John Deere, in his opinion, made a top-of-the-line farm tractor.

Committee Member Schurlknight questioned if equipment was sent back to the dealership for repair.

Mr. Schlievert stated that in the past, some equipment was sent to different vendors (i.e., Carolina Crawler for undercarriage work). A lot of the equipment was still under warranty, and it was time for replacement due to age.

Committee Member Schurlknight asked the approximate number of hours placed on equipment in the course of a year.

Mr. Schlievert responded that in one year, hours would be somewhere between 1,000 – 1,200 hours. Landfill equipment, due to the environment, needed to be replaced when it reached approximately 5,000 hours. Contractors using equipment in a development would have an approximate 10,000 hours usage. The Landfill was a harsh environment for equipment. Replacing equipment was necessary while resale value existed, and that would be at approximately 5,000 hours.

Committee Member Schurlknight questioned the difficulty of County mechanics providing maintenance work on different name brands of equipment.

Mr. Schlievert stated that in today's market, specialized tools were required to work on various pieces of equipment, and different software programs were required for tracking maintenance measurement requirements. Currently, BCWS has a program called Product Link, provided by Caterpillar, which provided troubleshooting assistance.

Committee Member Schurlknight questioned the feedback from mechanics in providing maintenance on the equipment.

Mr. Carson responded that as is done with newer equipment purchased last year, it would be proposed to have Customer Service Agreements, wherein, equipment would be regularly scheduled to pull oil samples for testing. Sampling would help in uncovering any problems lurking. Consistency in the equipment and process would assist with this. With the electronics and computer chips in equipment, Caterpillar would work with the County in providing the technology for diagnostics. Some of the other vendors have not been willing to do that, which would be another consideration.

Committee Member Schurlknight inquired about operators moving from one piece of equipment to another with different controls to operate, in addition to safety issues.

Mr. Carson responded that with moving from one piece of equipment to the other, there could be different issues with visibility and having familiarity with the equipment itself. This would be important to the operators.

Committee Member Callanan questioned if, in the past, during the bidding of equipment, the County only looked at cost only.

Mr. Schlievert responded that to be correct.

Mr. Carson responded this not to be the first time for sole source to be requested. Purchasing has regularly come before Council for sole source on equipment. It has always been done on the County's heavy trucks. This is why the County only has Mac Trucks. The same thing has been done with Caterpillar in the past with Menzi Muck Excavators. Sole source was done last year with equipment bought. The only difference, at this time, was the request for standardization.

Committee Member Callanan stated that he wanted all present to understand how the County moved from the way things used to be done in comparison to how things would be done under the Capital Improvement Plan. In the past, the County essentially looked at the bottom price in bids. Thereafter, the equipment would be used until it died.

Mr. Schlievert stated that to be closely accurate. The County would buy looking at low price. Mr. Schlievert, personally, had always tried to move equipment while it still had some resale value, especially the equipment that he had been acquired.

Committee Member Callanan stated that now, under the Capital Improvement Plan, the County would essentially use the equipment for a set period of time, in order to maximize its resale value with a replacement cycle, versus an end of life value. That would be what the County would like to switch to with the Capital Improvement Plan.

Mr. Schlievert stated that to be the goal of BCWS for a number of years.

Mr. Carson stated that to be one of the major points for Public Roads and Bridges; although, it was not only a consideration of resale value, but to reduce downtime also.

Committee Member Callanan stated that resale value would be an important factor with regard to the bid process. It was his hope that the County, at this time, would not only consider price, but consider resale value and projected maintenance cost also. If the County did this in the bidding process by way of a scoring mechanism, Caterpillar could possibly rise to the top of vendors to choose from. Committee Member Callanan recommended such a scoring mechanism within the bidding process, rather than sole sourcing, in order to allow for competitive bidding.

Mr. Carson stated that if the bid process was used, the County would be relying on a prediction of what would happen in the future. The County's experience is not a predictor, as it knows what has happened in the past, with calculations to back it up. Unless carried out with every piece of equipment in the fleet, the issue of standardization would be put aside. In keeping with the Capital Improvement Plan, over a three-year period, theoretically, the County may come up with three different manufacturers.

Committee Member Callanan stated that if the County standardized equipment with Caterpillar, there would only be one source in the State of South Carolina.

Mr. Carson stated that Caterpillar was not the only dealer to have territories, as all the dealers had territories.

Committee Member Callanan stated that if Council voted for standardization, it would essentially be voting for sole source. If the County standardized with Caterpillar, and there is only one dealer, it would be a sole source contract. Committee Member Callanan expressed his preference to keep things competitive.

Committee Member Fish questioned the number of County-owned case loaders.

Mr. Schlievert responded that Solid Waste owned two case loaders.

Committee Member Fish questioned the number of County-owned John Deere Dozers.

Mr. Schlievert responded that Solid Waste owned one.

Mr. Carson responded that Roads & Bridges owned no case loaders or John Deere Dozers. The equipment referenced in the presentation this night were owned by BCWS.

Committee Member Pinckney questioned if the intent of standardization would be to save taxpayer dollars and get the job done in keeping with the Capital Improvement Plan.

Mr. Carson stated that to be exactly what was trying to be accomplished.

Committee Member Pinckney questioned how the current bidding process would affect the overall objectives to be accomplished this night.

Mr. Carson stated that the bidding process would take away from the standardization aspect of the request. In order to safeguard the County, there would be certain items that would be put in place, which would not be wide spread within industry. In addition, there is not a manufacturer which manufactures the full range of products that the County uses.

Committee Member Schurlknight questioned the potential for price gouging with sole source.

Mr. Carson responded that information with regard to that issue was proprietary and confidential in nature, but the Committee had been provided with detailed documentation during its Executive Session this night.

Committee Member Schurlknight questioned if standardization could be put into effect for one year, with a review of the process thereafter to avoid any type contract lock-in for five years, plus or minus.

Mr. Carson responded that the County would always review the process. This was done last year with equipment, so the Committee would just be validating what it did last year when it approved purchases to replace equipment.

Committee Member Schurlknight asked if there was any reason why there was no John Deere Bulldozer in the County's fleet.

Mr. Carson responded that he could not speak of that, because the County certainly had other manufacturers besides Caterpillar. Mr. Carson stated that with his time in and out of Roads & Bridges, the department tried to standardize some machines purchased, and it was unknown why one brand of equipment was purchased over another. Some purchases were on a State contract (i.e., Volvo Motorgraders), and that is why those purchases were made.

Mr. Carson continued and stated that this was not an easy process to request the Committee to sole source. The County has a rigorous process for doing that, as it should, and not everyone welcomes that opportunity.

Chairman Call questioned that if the County would end up purchasing a Caterpillar anyway, why then would the County go through the expense and trouble of putting something out for bids when only one bidder would be responsive.

Mr. Schlievert responded that BCWS did just that. Bidding was requested approximately four years ago that incorporated many items seen right now, and there was only one responsive bidder, which was Caterpillar. The bidding process was based on what Orangeburg County is currently doing. Mr. Schlievert invited the Committee to review the process for bidding in Orangeburg County, to include the money it is saving by standardizing and using just one dealer, which provided a lot of guaranteed buy-backs. BCWS request for purchases were presented to County Council, and it was approved in a modified scale at that time to purchase some Landfill compactors and a dozer. Those purchases were all Caterpillar equipment. The purpose was to have block time and maintenance, and that was improved to a degree at the Landfill. Since that time, BCWS has moved from \$2,000,000 plus, down to a current \$400,000-\$450,000 per year in maintenance costs. That is quite a savings, and it is due to standardizing, being rigorous and having a schedule.

Chairman Call stated that he remained confused with regard to competitive bidding, versus sole sourcing.

Mr. Schlievert responded that BCWS followed the same process as used for a request for bids, but clearly defined specifications which had to be met resulted in only one responder for bid. Mr. Schlievert expressed that he was not opposed to following that process, versus sole sourcing, but the process had the potential to create more work for expected results.

Chairman Call stated that the current bid process placed an additional burden and expense on the Purchasing Department when only one vendor was able to meet the specifications.

It was moved by Committee Member Pinckney and seconded by Committee Member Schurlock to approve the **standardization of heavy equipment** used by Berkeley County with Caterpillar.

Mr. Schlievert stated that BCWS and the County's Roads & Bridges Department would provide Council with all maintenance records, on-going performance of the standardization process, re-sale value of equipment, etc., each year for review.

Committee Member Callanan stated that he would like to see other manufacturers move to a total cost bid process. If manufacturers knew that to be a County requirement, it would be something manufacturers could begin to offer. At the current time, obviously, Caterpillar was the only one to respond to bids. Committee Member Callanan stated his hope that competitors had a better understanding of the County's Capital Improvement Plan and the replacement of equipment in keeping with that plan.

The motion failed to pass. Council Member Pinckney and Council Member Schurlknight voted, "Aye." Council Member Callanan, Council Member Cathy Davis, Council Member Farley and Council Member Fish voted, "Nay."

## **2. Sole Source Request for Certain Heavy Equipment**

Mr. Carson stated that without standardization there would be no basis for sole source in the Procurement Ordinance.

Mrs. Nicole Scott Ewing, County Attorney, stated that due to the standardization request resulting in a "Nay", the issue of whether or not to sole source that standardization would obviously not be necessary.

Chairman Call stated that **Item B.2** on the agenda this night would not be necessary for consideration.

**C. Review prior to Second Reading of Bill No. 09-40, an ordinance to amend Ordinance No. 97-04-18** to allow for changes in the preference that is given to businesses in Berkeley County, the State of South Carolina, and minorities in the awarding of County contracts.

Committee Member Farley stated that it was his understanding that the words "and minorities" could not be included in the title of Bill No. 09-40, due to possible legal ramifications.

It was moved by Committee Member Farley and seconded by Committee Member Callanan to approve **review**, prior to **Second Reading of Bill No. 09-40, an ordinance to amend Ordinance No. 97-04-18** to allow for changes in the preference that is given to businesses in Berkeley County, the State of South Carolina, in the awarding of County contracts. The motion passed by majority voice vote of the Committee. Committee Member Pinckney abstained from voting.

It was moved by Committee Member Callanan and seconded by Committee Member Cathy Davis to adjourn the meeting of the Committee on Public Works and Purchasing. The motion passed by unanimous voice vote of the Committee.

Meeting adjourned at 8:12 p.m.

October 12, 2009  
Date Approved



## **PUBLIC WORKS AND PURCHASING**

(Standing Committee of Berkeley County Council)

Chairman: Mr. Robert O. Call, Jr., District No. 3

Members: Mr. Phillip Farley, District No. 1  
Mr. Timothy J. Callanan, District No. 2  
Mrs. Cathy S. Davis, District No. 4  
Mr. Dennis Fish, District No. 5  
Mr. Jack H. Schurlknight, District No. 6  
Mr. Caldwell Pinckney, Jr., District No. 7  
Mr. Steve C. Davis, District No. 8  
Mr. Daniel W. Davis, Supervisor, ex officio

A **meeting** of the **COMMITTEE ON PUBLIC WORKS AND PURCHASING**, Standing Committee of Berkeley County Council, will be held on **Monday September 28, 2009**, following the meeting of the Committee on Finance at **6:00 p.m.**, in the Assembly Room, Berkeley County Administration Building, 1003 Highway 52, Moncks Corner, South Carolina.

### **AGENDA**

**A. Mr. John F. Hamer, CPPB, Director of Procurement, Re: Municipal Lease Purchase Financing.**

**B. Mr. Mark Schlievert, Director of Solid Waste and Mr. Frank Carson, Berkeley County Engineer, Re: Follow up:**

- 1. Standardization of Heavy Equipment.**
- 2. Sole Source request for certain heavy equipment.**

**C. Review prior to Second Reading of Bill No. 09-40, an ordinance to amend Ordinance No. 97-4-18 to allow for changes in the preference that is given to businesses in Berkeley County, the State of South Carolina, and Minorities in the awarding of county contracts.**

September 23, 2009  
Barbara B. Austin, CCC  
Clerk of County Council